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FIRST GENERAL COUNSEL'S REPORT

RAD REFERRAL: 15L-03
DATE RECEIVED: 01/28/2015
DATE RESPONSE FILED: 06/26/2015
DATE ACTIVATED: 07/13/2015

ELECTION CYCLE: 2014
EXPIRATION OF SOL: 10/01/2018 – 11/30/2019

SOURCE: Internally Generated

RESPONDENTS: McConnell Senate Committee and Larry J.
Steinberg in his official capacity as treasurer¹

Samuel K. Pate, Jr.

RAD REFERRAL: 15L-12
DATE RECEIVED: 05/08/2015
DATE RESPONSE FILED: 06/25/2015
DATE ACTIVATED: 07/13/2015

ELECTION CYCLE: 2014
EXPIRATION OF SOL: 06/01/2018 – 11/30/2019

SOURCE: Internally Generated

RESPONDENTS: House Conservatives Fund and Lisa Lisker
in her official capacity as treasurer

Samuel K. Pate, Jr.

RAD REFERRAL: 15L-16
DATE RECEIVED: 05/20/2015
DATE RESPONSE FILED: 07/08/2015
DATE ACTIVATED: 07/13/2015

ELECTION CYCLE: 2010-2016
EXPIRATION OF SOL: 08/01/2014 – 11/30/2019

¹ At the time of the Referral, the committee's name was McConnell Senate Committee '14. In an Amended Statement of Organization filed February 6, 2015, the name was changed to McConnell Senate Committee.

SOURCE: Internally Generated

RESPONDENTS: David Vitter for U.S. Senate and William Vanderbrook in his official capacity as treasurer
Samuel K. Pate, Jr.

RELEVANT STATUTES AND REGULATIONS: 52 U.S.C. § 30102(b)(3), (c)²
52 U.S.C. § 30104(b)
52 U.S.C. § 30114
11 C.F.R. § 102.15
11 C.F.R. § 102.9
11 C.F.R. § 104.3

INTERNAL REPORTS CHECKED: FEC Disclosure Reports

OTHER AGENCIES CHECKED:

I. INTRODUCTION

This matter concerns an embezzlement scheme engaged in by Samuel K. Pate, Jr., over the course of several years while working as a vendor for a variety of federal campaigns, PACs, and non-profit organizations under the name Stonewood Marketing.³ In a parallel criminal proceeding, Pate has admitted that he misappropriated in excess of \$1 million and caused committees from which he embezzled funds to file inaccurate disclosure reports with the Commission. As a result of Pate's embezzlement activity, the Reports Analysis Division ("RAD") referred three of the affected committees and their treasurers for possible enforcement action. We recommend that the Commission transfer each of these committees

² On September 1, 2014, the Federal Election Campaign Act of 1971, as amended (the "Act"), was transferred from Title 2 to new Title 52 of the United States Code.

³ Although Pate's firm, Stonewood Marketing, was notified of the Referrals, we make no recommendation with respect to it. We have been unable to confirm its separate legal existence, and the Information filed in the federal prosecution relating to the relevant transactions identifies Pate as the sole actor. See Information, *United States v. Pate*, No. 3:15-cr-74 (W.D. Ky. July 8, 2015) ("Information"). Neither Pate nor Stonewood Marketing submitted a response to that notice.

1 to the Alternative Dispute Resolution Office ("ADRO") for further review consistent with its
2 recent practice in similar matters. We also recommend that the Commission open a MUR as
3 to Pate, find reason to believe that he knowingly and willfully violated 52 U.S.C.
4 §§ 30102(b)(3) and 30114, and enter into pre-probable cause conciliation with him.

5 II. FACTUAL AND LEGAL ANALYSIS

6 A. Factual Background

7 On July 8, 2015, the United States Attorney for the Western District of Kentucky filed
8 a criminal Information charging Pate with three counts of mail fraud based on his theft of
9 funds from, among others, a number of federal political committee accounts.⁴ According to
10 the Information, Pate worked as a vendor for the three referred committees. They contracted
11 with him to process contributions received through direct mail and to maintain contributor
12 records. The committees received contributions through the mail at their local offices, which
13 they forwarded to Pate to process. Pate was required to deposit the donations into specifically
14 designated accounts and prepare lists of contributors and amounts for the committees. The
15 political committees would use those lists to file reports with the Commission. Pate
16 maintained designated bank accounts at BB&T bank for the political committees, purportedly
17 for the deposit of contributions. Pate had signature authority on the bank accounts and
18 maintained records for all contributions.⁵

19 According to the Information, Pate routinely diverted funds from the committees'
20 designated accounts and transferred funds from client accounts into other personal accounts
21 that he controlled. Specifically, Pate misappropriated a total of \$588,954 in contributions

⁴ See Information ¶ 6.

⁵ *Id.* ¶¶ 4-6.

1 intended for the three committees — \$118,294 from the McConnell Committee, \$30,614 from
2 HCF, and \$440,046 from the Vitter Committee — and consequently knowingly causing them
3 to file inaccurate reports with the Commission. According to the Information, among other
4 things, Pate used the stolen and misappropriated funds to pay credit card bills, purchase
5 vehicles and a condominium, decorate a residence, and pay family members and other general
6 personal expenses.⁶

7 On August 10, 2015, Pate pleaded guilty to all three counts of the Information,
8 admitting that he stole the contributions at issue beginning as early as August 2009 and
9 continuing through November 2014.⁷ Pate also agreed to pay restitution, including a total of
10 \$588,954 to the McConnell Committee, HCF, and the Vitter Committee, due on the date of
11 sentencing.⁸ Pate is scheduled to be sentenced November 3, 2015.⁹

12 B. Legal Analysis

13 Under the Act, a committee, through its treasurer, is required to keep an accurate
14 account of and disclose its receipts, disbursements, and cash-on-hand balances.¹⁰ Committees
15 are required to file reports with the Commission through their treasurers disclosing, among
16 other things, the amount of cash on hand at the beginning of the reporting period and the total
17 amount of disbursements, including the name and address of each person to whom an

⁶ *Id.* ¶¶ 7-9. According to the Information, Pate misappropriated funds from fifteen other entities, including other political committees. *Id.* ¶ 7.

⁷ Plea Agreement, *United States v. Pate*, No. 3:15-CR-74 (W.D. Ky. Aug. 10, 2015) ("Plea Agreement"). The Information indicates that Pate caused the McConnell Committee to file false reports from about October 2013 to November 2014, HCF from about August 2009 to November 2014, and the Vitter Committee from about June 2013 to November 2014. Information ¶ 9.

⁸ Plea Agreement ¶ 8.

⁹ See Order, *United States v. Pate*, No. 3:15-CR-74 (W.D. Ky. Aug. 11, 2015).

¹⁰ See 52 U.S.C. §§ 30102(c), 30104(b); 11 C.F.R. §§ 104.3, 104.14(d).

1 expenditure exceeding \$200 is made together with the date, amount, and purpose of the
2 expenditure.¹¹ The Act prohibits any person from converting contributions to a federal
3 candidate to personal use,¹² and further requires that all funds of a political committee "be
4 segregated from, and may not be commingled with, the personal funds of any individual."¹³

5 In 2007, the Commission established a safe harbor to benefit committees that file
6 inaccurate reports because their funds were unknowingly misappropriated by committee
7 fiduciaries and staff.¹⁴ The Commission concluded that it would not seek a monetary penalty
8 from a committee for filing inaccurate reports due to embezzlement if the committee
9 maintained certain internal controls at the time and took certain steps after discovery. The
10 Commission concluded that those internal controls and post-discovery steps "represent the
11 *minimum* efforts a committee must take to qualify for this safe harbor."¹⁵ Nonetheless, the
12 Commission will consider "the presence of some but not all" of the controls as mitigating
13 factors when fashioning a civil penalty offer even if a committee fails to satisfy the policy's
14 additional requirements.¹⁶

15 The internal controls identified in the policy include: (1) opening all bank accounts in
16 the name of the committee using its Employer Identification Number; (2) reviewing monthly

¹¹ See 52 U.S.C. § 30104(b)(1), (2), (4)(G), (4)(H)(v), (5), (6)(A), (6)(B)(v).

¹² *Id.* § 30114(b)(1). A contribution or donation shall be considered to be converted to personal use if the contribution or amount is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate's election campaign or individual's duties as a holder of federal office. *Id.* § 30114(b)(2).

¹³ *Id.* § 30102(b)(3).

¹⁴ See Statement of Policy: Safe Harbor for Misreporting Due to Embezzlement, 72 Fed. Reg. 16,695 (Apr. 5, 2007) ("Safe Harbor Policy").

¹⁵ *Id.* (emphasis added).

¹⁶ *Id.*

1 bank statements for unauthorized transactions and reconciling the statements by someone
2 other than the individual with check-signing authority or who has responsibility for the
3 committee's accounting; (3) requiring two signatures on checks over \$1,000; (4) instituting
4 procedures for handling incoming receipts by someone other than the individuals with
5 accounting or banking authority; and (5) maintaining safeguards for managing a petty cash
6 account. Further, when a committee discovers misappropriation of funds, under the policy
7 the committee must notify the Commission and relevant law enforcement authorities and
8 also promptly amend its reports.¹⁷

9 Finally, the Act prescribes additional monetary penalties for violations that are
10 knowing and willful.¹⁸ A violation of the Act is knowing and willful if the "acts were
11 committed with full knowledge of all the relevant facts and a recognition that the action is
12 prohibited by law."¹⁹ This does not require proving knowledge of the specific statute or
13 regulation the respondent allegedly violated.²⁰ Rather, it is sufficient to demonstrate that a
14 respondent "acted voluntarily and was aware that his conduct was unlawful."²¹ This
15 awareness may be shown through circumstantial evidence from which the respondent's

¹⁷ *Id.*

¹⁸ See 2 U.S.C. §§ 437g(a)(5)(B), 437g(d).

¹⁹ 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

²⁰ *United States v. Danielczyk*, 917 F. Supp. 2d 573, 578 (E.D. Va. Jan. 9, 2013) (quoting *Bryan v. United States*, 524 U.S. 184, 195 & n.23 (1998) (holding that, to establish a violation is willful, government needs to show only that defendant acted with knowledge that conduct was unlawful, not knowledge of specific statutory provision violated)).

²¹ *Id.* (citing jury instructions in *United States v. Edwards*, No. 11-61 (M.D.N.C. 2012), *United States v. Acevedo Vila*, No. 08-36 (D.P.R. 2009), *United States v. Fieger*, No. 07-20414 (E.D. Mich. 2008), and *United States v. Alford*, No. 05-69 (N.D. Fla. 2005)).

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1 unlawful intent reasonably may be inferred.²² For example, a person's awareness that an
2 action is prohibited may be inferred from "the [person's] elaborate scheme for disguising . . .
3 political contributions."²³

4 1. RR 15L-03 (McConnell Senate Committee)

5
6 The McConnell Senate Committee is the principal campaign committee for Mitch
7 McConnell, a candidate in the 2014 election for U.S. Senate in Kentucky. RAD referred the
8 McConnell Committee to OGC for unauthorized activity, noting that it filed its 2014 30 Day
9 Post-General Report disclosing unauthorized activity totaling \$100,634 and partial restitution
10 payments totaling \$32,960.²⁴

11 According to the Referral, the McConnell Committee informed RAD on November
12 25, 2014, that an outside vendor misappropriated approximately \$100,000 in contributions to
13 the Committee and deposited the funds into a "ghost account," and sought guidance
14 concerning the disclosure of its receipt of approximately \$30,000 in restitution.²⁵ RAD
15 advised the McConnell Committee to provide a cover letter with its 2014 30 Day Post-
16 General Report describing the embezzlement, disclose any restitution payment, and attach a
17 copy of a spreadsheet the committee had received from the Department of Justice that

²² Cf. *United States v. Hopkins*, 916 F.2d 207, 213 (5th Cir. 1990) (quoting *United States v. Bordelon*, 871 F.2d 491, 494 (5th Cir. 1989)). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

²³ *Id.* at 214-15. As the *Hopkins* court noted, "It has long been recognized that 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade' lawful obligations." *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

²⁴ Referral at 1, RR 15L-03 (McConnell Senate Committee).

²⁵ *Id.* at 1-2.

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1 identified the affected contributors.²⁶ On December 4, 2014, the McConnell Committee filed
2 its 2014 30 Day Post-General Report, identifying a total of \$100,634 in contributions that its
3 outside vendor embezzled and the receipt of partial restitution in the amount of \$32,960.²⁷ On
4 April 15, 2015, the McConnell Committee filed a "Memo Page" with the Commission
5 disclosing the name of the outside vendor responsible for diverting its funds as "Stonewood
6 Marketing, owner Ken Pate."²⁸

7 In response to the Referral, the McConnell Committee asserts that at all relevant times
8 it maintained appropriate internal controls and safeguards to ensure its compliance with the
9 Act, and that "it was because of its internal controls that the outside vendor had to open a
10 separate unauthorized ghost account outside the view of the Committee and in circumvention
11 of its internal controls and safeguards."²⁹ Specifically, the McConnell Committee states that,
12 at all relevant times, it ensured that:

- 13 • All authorized bank accounts are opened in the Committee's name using the
- 14 Committee's Federal Employer Identification Number;
- 15 • Each month bank statements are reviewed for unauthorized transactions and
- 16 reconciled to accounting records and disclosure reports prior to filing;
- 17 • Checks in excess of \$1,000 and wire transfers are authorized in writing;
- 18 • Incoming checks of a high dollar amount are received by the Committee and
- 19 then forwarded to the Assistant Treasurer for deposit. The Assistant Treasurer
- 20 reviews deposits and provides the Committee with deposit detail for their
- 21 comparison. The deposit detail highlights any checks that have been
- 22 forwarded to the Assistant but that have been held or not deposited.³⁰

²⁶ *Id.* at 2. In a subsequent discussion with RAD on December 2, 2014, the McConnell Committee explained that it first became aware of the theft when it learned that a longstanding contributor had not received a thank-you card for a contribution. The Committee contacted its bank and discovered that the contribution had been deposited into a "ghost" account established by its vendor. The Committee itself had not seen the relevant contribution checks because they were received in a post-office box and processed by the vendor without the Committee's involvement. *Id.*

²⁷ *Id.*

²⁸ See Supplemental Information for RR 15L-03 — McConnell Senate Committee (Apr. 27, 2015).

²⁹ McConnell Committee Resp. at 1-2.

³⁰ *Id.* at 2.

1 The McConnell Committee states that it also “takes further measures” to protect its
2 assets and ensure compliance, including regularly reviewing financial reports and bank
3 deposit information, and having online access to all bank accounts to monitor transactions.³¹
4 Further, it states that immediately upon learning of the unauthorized second account
5 maintained by the outside vendor, it contacted counsel and informed the FBI.³²

6 Notwithstanding the controls the McConnell Committee identified, it does not appear
7 that it designated an individual without accounting or banking authority to receive and
8 monitor incoming checks, as the Safe Harbor Policy provides.³³ If another individual besides
9 Pate possessed banking and signature authority, the unauthorized activity here may have been
10 prevented or identified more readily. As such, and consistent with the Commission’s recent
11 practice, we conclude that assigning the Referral to ADRO may assist the McConnell
12 Committee in improving its safeguards concerning future unauthorized activity.³⁴ ADRO can
13 also seek to clarify during that process the amount of affected contributions — whether the
14 \$100,634 amount identified in the Referral, or the \$118,294 described in the Plea Agreement.

³¹ *Id.* at 2-3.

³² *Id.* at 3.

³³ See Safe Harbor Policy, 72 Fed. Reg. at 16,695.

³⁴ In recent embezzlement cases involving committees that failed to implement adequate financial controls to prevent losses from embezzlement in significant amounts, the Commission assigned the committees to ADRO. See, e.g., Pre-MUR 561 (Dewhurst for Texas) (assigning committee to ADRO where campaign manager made approximately \$1.2 million of unauthorized disbursements); RR 12L-42, *et al.* (Los Angeles County Dem. Central Comm., *et al.*) (assigning six committees to ADRO that filed inaccurate reports arising from a complex embezzlement scheme involving significant amounts and conducted over at least a ten-year span); Pre-MUR 521 (LoBiondo for Congress) (assigning committee to ADRO for reporting violations associated with an embezzlement of approximately \$458,000 by its former treasurer over a fifteen-year period). The Commission has also assigned to the ADRO committees that have filed inaccurate reports as a result of the embezzlement of lesser amounts. See, e.g., RR 13L-33 (Lynn Jenkins for Congress) (assigning committee to ADRO in matter involving misreporting arising out of embezzlement of \$21,300); Pre-MUR 524 (Official 12th Dist. Dem. Party) (assigning committee to ADRO for misreporting arising out of an embezzlement of approximately \$14,500 over a one-year period).

1 Accordingly, we recommend that the Commission assign the McConnell Committee to
2 ADRO.

3 2. RR 15L-12 (House Conservatives Fund)

4 The House Conservatives Fund is registered with the Commission as a multi-candidate
5 committee and the leadership PAC of Representative Bill Flores. RAD referred HCF for the
6 unauthorized use of committee funds, noting that HCF filed its 2014 Year-End Report
7 disclosing a partial restitution payment for unauthorized activity totaling \$7,210.³⁵

8 According to the Referral, on December 2, 2014, HCF advised RAD that it had
9 received a partial restitution payment of \$7,210 for embezzled funds, and asked who it should
10 identify as the source of the restitution payment in its 2014 Year-End Report.³⁶ RAD
11 instructed HCF to disclose the U.S. Treasury as the source, with a memo text identifying the
12 embezzler and the circumstances, and to include a spreadsheet disclosing the original
13 contributor information for the misappropriated funds. HCF filed the 2014 Year-End Report
14 disclosing the restitution payment and explaining the circumstances, noting that it would
15 report contributor details when it was made available "by the investigating agencies."³⁷

16 In response to the Referral, HCF states that it had retained an outside "caging" vendor
17 — "Stonewood Marketing, owner Ken Pate" — to process all contributions HCF received by
18 direct mail.³⁸ HCF explains that Pate facilitated the embezzlement of HCF's funds by
19 opening and depositing contribution checks into a separate bank account in HCF's name for
20 which Pate had signature authority. According to HCF, its treasurer learned of the

³⁵ Referral at 1, RR 15L-12 (House Conservatives Fund).

³⁶ *Id.*

³⁷ *Id.* at 2.

³⁸ HCF Response at 1.

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1 embezzlement activity when a contributor to another committee that had retained the same
2 vendor indicated that she had not received the customary thank-you acknowledgment for her
3 contribution. A review of the contributor's cancelled check and follow-up with the other
4 committee's bank revealed that HCF's funds had been embezzled as well. HCF asserts that to
5 prevent future embezzlement, it has since retained another caging vendor to process direct
6 mail contributions, but this vendor does not have signature authority. At the time of its
7 response, HCF was not aware of the total amount of funds that Pate embezzled from it or of
8 the names of contributors and amounts of contributions. HCF states that it will file amended
9 reports when it receives that information.³⁹

10 HCF did not discuss in its response what, if any, internal controls it maintained during
11 the activity at issue. It appears, however, that it does not qualify for the safe harbor because it
12 apparently failed to involve an individual without accounting or banking authority in the
13 receipt and monitoring of all incoming checks, as necessary to satisfy the policy.⁴⁰ Although
14 HCF maintains that, following its discovery of the thefts, it hired a new caging vendor without
15 signature authority on its accounts, assignment to ADRO may help ensure that HCF
16 understands and implements appropriate safeguards. Because HCF has yet to file its
17 amendments, ADRO may be in a position to assist HCF in that process as well. Accordingly,
18 we recommend that the Commission assign HCF to ADRO.

19 3. RR 15L-16 (David Vitter for U.S. Senate)

20 David Vitter for U.S. Senate is the principal campaign committee for David Vitter, a
21 candidate in the 2016 election for U.S. Senate in Louisiana. RAD referred the Vitter

³⁹ *Id.*

⁴⁰ See Safe Harbor, 72 Fed. Reg. at 16,695.

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1 Committee for unauthorized activity after the Committee reported in connection with its 2014
2 Year-End Report that "[t]he receipt on Line 15 from the US Treasury is a partial repayment of
3 funds diverted from the Committee by an outside vendor. The list of donors is pending and
4 will be included as a memo on a future FEC report when received from the U.S. District
5 Court."⁴¹

6 According to the Referral, on April 14, 2015, a RAD analyst advised the Vitter
7 Committee's treasurer to revise that memo text to identify the embezzler and any additional
8 information, including the affected contributions.⁴² The treasurer explained that the vendor
9 deposited the Vitter Committee's funds in an escrow account to which the Vitter Committee
10 lacked direct access, and consequently it could not identify the affected contributions until it
11 receives further information from the FBI.⁴³ On May 6, 2015, the Vitter Committee filed an
12 amended 2014 Year-End Report, identifying "Stonewood Marketing (owner Ken Pate)" as the
13 vendor responsible for the embezzlement in a memo text.⁴⁴ To date, the Vitter Committee has
14 not amended its 2014 Year-End Report to disclose the affected contributions or the amount
15 misappropriated. Nonetheless, the Information filed in the associated criminal matter asserts
16 that the theft from the Vitter Committee amounted to \$440,046.26.⁴⁵

17 In response to the Referral, the Vitter Committee requests that the Commission take
18 no action against it and close the file.⁴⁶ It emphasizes that it was the victim of a crime, and

⁴¹ Referral at 1, RR 15L-16 (David Vitter for U.S. Senate).

⁴² *Id.* at 2.

⁴³ *Id.*

⁴⁴ *Id.* at 3.

⁴⁵ Information ¶ 7.

⁴⁶ Vitter Committee Resp. at 6.

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1 argues that "[t]his embezzlement did not occur because a single staffer was given too much
2 control over the entire operation or because of lax supervision of a staffer. Rather, the
3 embezzlement occurred prior to the Committee coming into possession of the funds."⁴⁷ The
4 Vitter Committee explains that contributions were stolen by an individual who worked for the
5 professional mail caging operation its mail vendor hired to ensure compliance, and that upon
6 learning of the embezzlement, the Committee has "take[n] every step possible to provide
7 information, amend reports and cooperate with the Commission and prosecuting agencies."⁴⁸

8 Although the Vitter Committee does not otherwise discuss its internal controls, it
9 appears that Pate was authorized to access Committee accounts at the same time that he
10 exercised responsibility for receiving and monitoring incoming checks. The Vitter
11 Committee therefore would not qualify for the protections of the safe harbor and indeed may
12 benefit from ADRO's guidance in implementing safeguards against unauthorized activity.⁴⁹
13 Accordingly, we recommend that the Commission assign the Committee to ADRO.

14 4. Samuel K. Pate, Jr.

15 Pate has admitted under oath that, with specific intent to defraud, he diverted funds
16 totaling \$588,954 from the accounts of the three committee Respondents here or by
17 transferring those funds from their accounts into personal accounts he controlled.⁵⁰ Pate used
18 those funds to "pay general personal expense[s]," such as to pay credit card bills, to purchase
19 vehicles and a condominium, to decorate a residence, and to pay family members.⁵¹ Pate also

⁴⁷ *Id.* at 4.

⁴⁸ *Id.* at 5.

⁴⁹ See Safe Harbor Policy, 72 Fed. Reg. at 16,695.

⁵⁰ Plea Agreement ¶ 3.

⁵¹ See Information ¶ 8.

1 admits that he "divert[ed] client funds from their designated accounts or transferr[ed] funds
2 from client accounts into other bank accounts that he controlled."⁵² He therefore illegally
3 converted the funds of an authorized campaign committee to personal use.⁵³ Further, Pate
4 "transferred approximately \$237,100 in stolen funds to his personal American Express
5 savings accounts."⁵⁴ In so doing, he impermissibly commingled the "funds of a political
6 committee . . . with[] the personal funds of any individual" in violation of the Act.⁵⁵

7 Pate also appears to have knowingly and willfully violated the Act in undertaking the
8 embezzlement activity in this matter. Specifically, that Pate sought to conceal his activities
9 through the use of separate "ghost" accounts without his clients' knowledge, and operated for
10 several years as a vendor specifically to federal political committees, together evidence that
11 he acted in contravention of his known legal obligations.

12 For these reasons, we recommend that the Commission open a MUR as to Pate, find
13 reason to believe that he knowingly and willfully violated 52 U.S.C. §§ 30102(b)(3) and
14 30114, and enter into pre-probable cause conciliation.

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⁵² Plea Agreement ¶ 3.

⁵³ 52 U.S.C. § 30114; *see* MUR 6761 (Kenneth A. Barfield) (finding reason to believe that Respondent violated section 439a(b) (now 52 U.S.C. § 30114(b)) where he made unauthorized disbursements from an authorized campaign committee's account and used the funds for personal expenses).

⁵⁴ Information ¶ 8.

⁵⁵ 52 U.S.C. § 30102(b)(3); *see* MUR 6526 (Cora Carper) (finding reason to believe that Respondent violated section 432(b)(3) (now 52 U.S.C. § 30102(b)(3)) where she deposited cash into personal accounts after cashing committee checks that she had issued to herself without authorization).

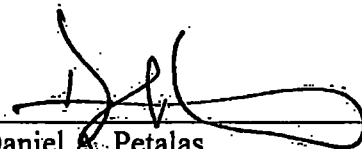
IV. RECOMMENDATIONS

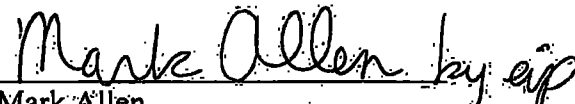
1. Assign RR 15L-03 concerning McConnell Senate Committee and Larry J. Steinberg in his official capacity as treasurer to the Office of Alternative Dispute Resolution;
2. Assign RR 15L-12 concerning House Conservatives Fund and Lisa Lisker in her official capacity as treasurer to the Office of Alternative Dispute Resolution;
3. Assign RR 15L-16 concerning David Vitter for U.S. Senate and William Vanderbrook in his official capacity as treasurer to the Office of Alternative Dispute Resolution;
4. Open a MUR as to Samuel K. Pate, Jr.;
5. Find reason to believe that Samuel K. Pate, Jr., knowingly and willfully violated 52 U.S.C. §§ 30102(b)(3) and 30114;
6. Enter into conciliation with Samuel K. Pate, Jr., prior to a finding of probable cause to believe;
7. Approve the attached Factual and Legal Analysis;
8. Approve the attached Conciliation Agreement; and

9. Approve the appropriate letters.

09/10/15
Date

BY:


Daniel A. Petalas
Acting General Counsel


Mark Allen
Assistant General Counsel


Tracey L. Ligon
Attorney

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